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Corporate giving in the Netherlands 1995-2003: exploring the amounts involved and the motivations for donating

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- *Corporate giving as an expression of corporate social responsibility (CSR) has been researched less than the more general theme of CSR. In addition, much of the research in this area focuses on countries with an Anglo cultural tradition.*
- *The study outlined in this paper offers a comprehensive longitudinal study of corporate giving in the Netherlands. An overview is provided of corporate giving in the Netherlands in the period from 1995 till 2003.*
- *The data are gathered by means of a biennial survey of Dutch companies as part of the 'Giving in the Netherlands' project. Based on these findings, recent developments in corporate giving can be sketched out.*
- *Moreover, literature on motives for corporate giving behavior is focused upon and applied in exploring Dutch managers' motivations for offering donations. Nonprofit organizations could use this knowledge to increase the efficiency of their fund raising.*

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Introduction

As in many other countries, companies' activities for the public good also attract a lot of media attention in the Netherlands. For instance, TNT (formerly known as 'TPG') continues to receive attention from the Dutch daily national newspapers due to its cooperation with the United Nations in the World Food Program (Klok, 2004). Journalist Vossen con-

cludes that it is not the question whether but rather *how* companies will be involved in foreign aid (Lubbers, 2004). Similar suggestions are found in the literature. Porter and Kramer (2002) state that corporate philanthropy is increasingly being used as a form of public relations, to promote a company's image or brand. McAlister and Ferrell (2002) note that corporate giving gradually seems to be taking up a more prominent position in business strategy. This is in agreement with the results of the study of Saiia *et al.* (2003) who found that managers active in corporate giving believe that corporate giving is becoming more strategic. Corporate giving and the strategic

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goals and resources of the organizations are becoming more aligned with each other. From this perspective, strategic philanthropy is part of a broader philosophy that recognizes how corporate giving can help an organization improve its overall performance (McAlister and Ferrell, 2002). Despite its more prominent position in business strategy, there are relatively few empirical studies about corporate giving. Gaining more insight into these motives is important for nonprofit organizations as it enables them to develop a customer-oriented marketing strategy. The focal point of a customer-oriented marketing strategy is to understand its potential contributors (Hsieh, 2004).

Philanthropy has been defined as 'benevolent behavior, usually in the form of charitable gifts, towards others in society' (Andreoni, 2001). In corporate social responsibility (CSR) literature, corporate philanthropy is often mentioned as one of the four social responsibilities of a company (Carroll, 1979, 1999). Although the general theme of CSR has received a lot of scholarly attention Campbell *et al.* (2002) note that empirical studies of the *philanthropic* responsibilities of companies are relatively scarce. Moreover, many studies and reports about corporate giving are situated in Anglo cultural countries (Navarro, 1988; Campbell *et al.*, 2002; American Association of Fundraising Counsel, 2004), leading Seifert, Morris and Bartkus (2003) to call for studies that focus on corporate giving patterns in countries outside the United States. By focusing on corporate giving in the Netherlands, this paper answers their call, aiming to enrich the literature about corporate giving from a continental European perspective. Contrary to the United States, the Netherlands is a well-developed welfare state (Jantti, 1997). Whereas 59% of the revenues of the nonprofit sector in the Netherlands come from the public sector, this figure is 30% in the United States (Salamon, 1999).

In addition to providing an overview of to what kind of societal causes Dutch companies give, and how much they donate, a specific focus in this paper will be on the companies'

motives for engaging in such giving. Considering these motives is relevant as different motives might be important in different forms of corporate giving. In the present study, two forms of corporate giving will be examined: *corporate sponsorship* and *corporate charitable giving*. In the case of corporate sponsorship, the recipient organization is expected to do something in return (for example by displaying the sponsor's name on leaflets). In the case of corporate charitable giving—which is used in the present study as a synonym for *corporate philanthropy*—the recipient organization is *not* expected to do something in return. Dean (2003) calls these donations unconditional as such giving is 'not linked to revenue-producing transactions with the firm.' Both forms of corporate giving are taken into account, as are the motives indicated by Dutch managers for engaging in either form of corporate giving.

Motivations for corporate giving

Motivations for corporate giving have received much scholarly attention in the last decade (Adams and Hardwick, 1998; Bennett, 1998; Campbell *et al.*, 1999, 2002; Sánchez, 2000). Drawing from these studies, several categories of motivations can be distinguished. A review of the literature leads us to focus on five different motivations for corporate giving: commercial motivations, altruistic motivations, local community support, employee commitment and personal motivations of the manager. The first two motives stem directly from the two extreme forms of corporate giving, that is, sponsoring and corporate charitable giving. The other three motivations could be related to addressing stakeholder interests, as will be discussed below.

Commercial motivations

Corporate giving can be driven by commercial motivations. Managers may want to improve the organization's competitiveness, to increase the familiarity of their company's name, or to

get access to new connections. These types of motivations fit into the profit maximization model. This model of business responsibility is commonly attributed to neo-classical economists such as Milton Friedman. In his classic New York Times article, 'The social responsibility of business is to increase its profits,' Friedman (1970) argues that the corporate executive is an employee of the owners of the business. Therefore, this executive has to serve the interest of the owners of business, which will generally be to make as much money as possible, while playing by the basic rules of society. The profit-maximizing model of corporate philanthropy postulates that philanthropy must contribute to direct financial gain, just like any other function within the organization (Neiheisel, 1994).

Navarro (1998) examined the profit-maximizing model empirically. He assumed that profit-maximizing managers may regard corporate giving as part of their advertising strategy, from which he hypothesized that a company's advertising expenses should have a positive impact on the corporate giving-to-sales ratio. The results of his study confirmed that profit maximization is an important motive driving corporate giving. Recently, Saiia *et al.* (2003) also studied commercial motivations for corporate giving by focusing on strategic philanthropy. They hypothesized, for instance, that managers who engage in corporate giving would pursue a more 'strategic' philanthropic policy, since financial responsibilities are of fundamental concern for business, and corporate philanthropy has to compete with advertising budgets. The findings of their survey among 125 managers confirmed that commercial motivations drive the engagement in corporate giving. However, many of these results were obtained in a North American setting.

Bennett (1998) presented a pioneering study of corporate giving in Europe. He examined whether European managers applied commercial or philanthropic criteria to the management of corporate giving. He conducted a survey in the United Kingdom, France and Germany among companies that stated that

they made charitable and/or community donations. One of the hypotheses was that companies in all three countries would use commercial criteria for the management of corporate philanthropy, rather than treating corporate philanthropy as a purely altruistic activity. Several items were used to address this hypothesis. Examples of these items were 'the extent to which philanthropic businesses take corporate philanthropy into account when formulating their overall marketing plans' (p. 466) and items that focused on the criteria that were applied when selecting particular good causes for corporate support, such as 'the public image of the good cause (p. 467).' Bennett concluded that business managers in France, Germany and the UK generally adopted a commercial orientation to corporate giving.

Altruistic motivations

In contrast to commercial motivations, which are driven by 'enlightened self-interest,' (Varadarajan and Menon, 1988) corporate giving may also be explained by altruism, giving by the company with nothing expected in return (Neiheisel, 1994; Sharfman, 1994; Campbell *et al.*, 1999; Edmondson and Carroll, 1999; Sánchez, 2000; Campbell, 2002). Campbell *et al.* (1999) and Cowton (1987) found that altruistic reasons were most often mentioned when companies were asked about their motivations for giving. However, a social desirability bias may play a role in these findings as it is possible that respondents over-report altruistic motives for giving since that would be politically correct (Campbell *et al.*, 1999).

Neiheisel (1994) argues that the primary limitation of regarding altruism as the sole motivation of corporate giving is the ignoring of the profit-maximizing goal of the corporation. According to Neiheisel, it can be doubted whether a company would spend excess profit on public good rather than on executive salaries or investments. We will return to this point in the discussion section of this paper.

Local community support

The need to support the local community can be another driver of corporate giving. Navarro (1988) postulated that cost considerations may play a role in the decision of the company to support the local community. As he suggests, a company's contribution to the safety of the area is to the benefit of the company, since it reduces the risks of theft and vandalism. In the Netherlands, however, public concerns such as safety, education, and health are primarily seen as the responsibilities of the government. 'In health, public payments at 96 per cent are virtually the sole revenue source, and this is almost as true for education, where public support accounts for 91 per cent of revenues' (Burger *et al.*, 1999, p.159). As the Netherlands is a welfare state, all citizens are guaranteed certain levels of income and health care within the borders of the free market economy and a democratic political constitution (Jantti, 1997; Schuyt, 2003). It can be postulated that Dutch companies will be more likely to contribute to the safety and social coherence of an area if the welfare state should fall apart.

Besser (1999) examined the effects of community involvement on the perceived success of small business operators in Iowa, the United States. From her telephone interviews with 1008 business owners and managers, it appeared that the more business owners invested in the community, the more positive they were about the success of their company. The findings were controlled for community, business, and operator demographics. However, Besser did not address the 'causality issue.' Hence, it is possible that the perceived success of the company influences the amount of money that business owners invest in the community. If a company makes a profit, there is probably more money available for the company to invest in the community than if the company suffers from heavy losses.

Employee commitment

Although several studies focus on the relationship between corporate social performance

and employer attractiveness (Turban and Greening, 1997; Greening and Turban, 2000; Backhaus *et al.*, 2002), studies on the effects of corporate giving on employee commitment toward the company are rather scarce. From a stakeholder perspective this seems remarkable. Stakeholder theory suggests that companies maintain relationships with crucial stakeholders, as this might constitute a competitive advantage over companies that do so to a lesser degree (Freeman, 1984, 1999; Donaldson and Preston, 1995). Employees often are considered one of these crucial stakeholder categories in corporate social performance research (Backhaus, 2002). Several theoretical studies and some empirical ones showed that the way a firm manages its employees can indeed affect its financial results (Huselid, 1995; Delery, 1996; Berman *et al.*, 1999). It is useful to distinguish increasing employee commitment as a separate motive as, until now, this motive hardly has been taken into account in previous studies regarding managers' motives for corporate giving (Fry *et al.*, 1982; Navarro, 1988; Haley, 1991; Sánchez, 2000; Campbell *et al.*, 2002).

Personal motivations

Personal motivations suggest that corporate giving is driven less by commercial or altruistic interests but based on the personal interests of the manager (Williamson, 1964; Navarro, 1988; Haley, 1991; Campbell *et al.*, 2002). Managers may use corporate giving to enhance or maintain their status, power and prestige, as is suggested by several authors (Williamson, 1964; Galaskiewicz, 1985; Haley, 1991). Galaskiewicz (1985) explains why some managers would use corporate giving in order to win the respect of the elite, and that the personal background characteristic of the chief executive officer may play an important role. Galaskiewicz, therefore, postulates that if giving the firm's money to charity will enhance his/her company's reputation in the eyes of the local business community—and thus his/her own reputation as well—it is likely that the firm will contribute to charity. In the CSR

literature, Carroll originally identified managerial discretion as one of four social responsibilities, later rephrasing this responsibility as 'philanthropy' (Carroll, 1999).

A closely related category of philanthropy is distinguished by Duncan (2004, p. 2160), who proposed the concept of 'impact philanthropy,' which he defines as a form of philanthropy in which 'donors contribute because they enjoy personally increasing the output of a good.' Personal motivations then play a crucial role as a donor gives because of the personal recognition he/she gets in return. Similar processes might come into play once companies engage in exclusive relationships with a beneficiary, and managers have to make decisions on philanthropic engagements. In addition, the initial contact between organization and beneficiary may be a result of the personal interests of the manager. Siegfried *et al.* (1983) undertook an interview survey of 240 large American companies in 14 metropolitan areas. They found that 92 per cent of the companies in their sample admitted that corporate giving was affected by corporate executives' relationships with charitable organizations.

Methodology

The present study is part of the 'Giving in the Netherlands' project (Schuyt, 1999, 2001, 2003), which has been running for nearly a decade. Giving in the Netherlands is an academic project that collects both corporate giving data and data about the giving behavior of individuals and households. The Dutch charity sector and Dutch ministries use the findings of the Giving in the Netherlands publications as key figures about giving in the Netherlands. The structure of the Giving in the Netherlands studies is more or less analogous to the Giving USA studies (e.g. Giving USA 2004, American Association of Fundraising Counsel, 2004).

The data used for this study were gathered by means of a biennial survey of Dutch corporations. The survey examines how much companies give, in money or in kind, to what type of

goals they give, and what managers' motives are to give. Respondents in this survey predominantly were members of the management team or owners of a company; only 17% of the respondents held other positions. All respondents were interviewed by interviewers of a large market research agency by means of 'Computer Assisted Telephone Interviewing' (CATI). The structured use of this technique can assist in the administration of telephone surveys and contribute to reducing sources of survey error (Shangraw, 1986).

The polls were conducted every two years between 1996 and 2004; respondents were asked to indicate the figures on corporate giving for the previous year. This means that in the survey of 1996, data were obtained about corporate giving in 1995. In each of the five waves, approximately 1000 companies participated in the survey. This is a relatively large sample size for a survey of corporations, compared to other studies (Logsdon *et al.*, 1990; Murray, 1991; Coy and Nolan, 1992; Zippay, 1992). Seifert *et al.* (2003) note that most recent studies of corporate giving have included firms from many industries in order to control for environmental conditions. That is also the approach that has been taken in the present study. See the Appendix (Table A1) for the exact number of respondents per wave, the distribution of the companies across different industries, and the size of the companies (measured by the number of staff members). An identification number (keying variable) was available for the companies that participated in 2001 and in 2003. This made it possible to investigate whether there was a significant decrease in corporate giving in the year 2003 compared to the year 2001.

Extrapolation of the data and removal of outliers

A weighting factor was constructed to extrapolate the sample data to the entire Dutch industry. Population data of the Dutch industry are presented in the Appendix (Table A2). It should be mentioned that in order to estimate the amounts of corporate giving in 2003,

business population data of 2002 were used instead of business population data from 2003, given the late availability of the 2003 data.

Micro companies have a major impact on the weighting factor, seeing that 88% of the companies in the Netherlands are micro companies (maximum of nine employees). Only 1% of Dutch companies employ 100 or more personnel (CBS, 2004). If a small company (2–4 employees) stated that it gave 3 million euros to sport sponsoring, this heavily biased the results, seeing that there are a lot of small companies in the Netherlands. If this outlier is included in the dataset it is estimated that 1.26 billion euros was given to sport sponsoring. If this outlier is removed, the estimation amounts to 673 million euros. Therefore, it was decided to remove outliers from the sample to avoid extremely high amounts of donations by small companies influencing the extrapolation. The following thresholds were defined to remove outliers: 750,000 euros or more for companies with less than 50 employees, one million euros or more for companies with less than 100 employees, and 1.5 million euros or more for companies with 100 or more employees. There were no outliers in 2003, three outliers in 2001, and seven outliers in 1999 (four outliers were from the same company).

Survey design and measures

First, respondents were asked about corporate sponsorship. Sponsoring was described to them as 'gifts with a commercial interest.' Several types of recipient organizations were provided to the respondents. For each type of recipient organization, respondents were asked whether their company had sponsored that category of donation in the previous year or not. Examples of types of organizations are sports/recreation, culture, and education/research (see the first column in **Table 1**). If the answer was affirmative, respondents were asked to indicate the amount of money, the value of the goods given in kind (in euros), and the value of donated manpower (in euros). Rooney *et al.* (2001) found that a household was more likely to recall making any charitable contribution the more detailed prompts were given. Therefore, in this survey, respondents were asked how much their company gave for each category of donation. Managers may react differently than households though. Subsequently, respondents were asked what motives they had for sponsoring and which of these motives was the most important to them. Four of the five different motives that were described above were operationalized and defined to the respondents as follows:

Table 1. Total amounts sponsored by Dutch companies after extrapolation × million euros

	2003	2001	1999	1997	1995
Sports/recreation	657 (38%)	573 (52%)	393 (39%)	378 (60%)	194 (41%)
Culture	438 (26%)	242 (22%)	90 (9%)	48 (8%)	39 (8%)
Education/research	207 (12%)	70 (6%)	155 (15%)	55 (9%)	34 (7%)
Societal goals	204 (12%)	81 (7%)	134 (13%)	58 (9%)	116 (25%)
International aid	67 (4%)	14 (1%)	134 (13%)	24 (4%)	61 (13%)
Health	29 (2%)	10 (1%)	29 (3%)	19 (3%)	4 (1%)
Environment	14 (1%)	32 (3%)	35 (3%)	17 (3%)	9 (2%)
Church	22 (1%)	15 (1%)	31 (3%)	14 (2%)	12 (2%)
Other	78 (5%)	72 (7%)	—	14 (2%)	1 (1%)
Total in euros	1716 (100%)	1110 (100%)	1001 (100%)	627 (100%)	468 (100%)
N (Unweighted)	1005	998	1010	1092	1122

Note. Percentages in parentheses. The category 'other' was not offered to the respondents in 1999. Figures are round off. One American dollar has a value of 0.87 euros (GWK, 2005).

- *Commercial motivations*: It fits with the commercial aims of our company, marketing, competitor advantage, familiarity of the firm, gives access to new or other contacts;
- *Altruistic motivations*: Social involvement, ethical or idealistic motives;
- *Supporting local community*: We have a duty towards the civil order, safety and livability in our environment;
- *Employee commitment*: It is good for the internal performance/internal management: for example employee commitment will be increased by sponsoring.

Such categories are not mutually exclusive, as Cowton (1987) also remarked in his study on the motivations of British managers to give. The personal motive was not measured directly, but after these motives had been mentioned, respondents were asked whether they had any other motives for sponsoring or for giving. The answer category 'do not know' was treated as missing data. The same questions were repeated for corporate charitable giving, which was described to the respondents as 'gifts without a commercial interest.' The different types of motives were measured on a single-item scale. For pragmatic reasons, i.e., the length of the telephone interview, it was not possible to measure the motives using more items per motive.

Results

In 2003, the estimated total amount that was given in the Netherlands—both by households and by companies—was 5.2 billion euros. Companies gave 43% (gifts and corporate sponsorship) of this estimated total (2.27 billion euros) (Schuyt and Gouwenberg, 2005).

In presenting the results for corporate giving, we will alternate between corporate sponsorship and corporate giving. As noted above, some more detailed information has been gathered about the years 2001 and 2003 by using some 'keying variables.' These two years therefore are examined in greater detail.

Corporate sponsorship by Dutch companies between 1995-2003

Table 1 presents the total estimated amount of money spent by companies for corporate sponsorship. The value of corporate sponsorship, in kind and in manpower, was expressed in euros and added to the value of sponsoring in money (in euros). In each year, companies give most of their sponsor money to the category sports and recreation. In 2003, the managers were asked if they sponsored national or local organizations. The majority of the managers (89%) whose companies were involved in sport sponsorship indicated that they sponsored local organizations, 6% stated that they sponsored national organizations, and 5% sponsored both national and local organizations. This raises the question of why managers predominantly choose to sponsor local organizations. Our primary explanation is that managers sponsor local organizations simply because they are asked to. 45% of the managers indicate that the organization they sponsor initiated the contact with the company. Another 18% of the managers state that their company got in touch with the beneficiary organization through the managers themselves, their relatives or their acquaintances.

An alternative explanation could be that there is a difference in giving between small and medium-sized companies on the one hand (companies that employ less than 100 persons) and large companies (100 or more persons) on the other. Small and medium-sized companies—which form 99% of the Dutch business population—may give to community sports while large enterprises sponsor national organizations. In our sample, of the 41 large enterprises that give to sport sponsoring, only two large companies (5%) gave to national organizations. However, this sample did not focus specifically on the largest companies in the Netherlands.

Table 1 shows that the Dutch companies sponsored the public good for approximately 1.7 billion euros in 2003. For the year 2003, it was possible to test whether the companies spent significantly more money on corporate

sponsorship than in 2001. This was indeed the case ($t(1148) = -2.71$, $p = 0.007$ (two-tailed)). Overall, there seems to be a rising trend in the total reported amounts sponsored by Dutch companies. Note that the figures in **Table 1** are not corrected for inflation. The Dutch Central Office of Statistics, CBS (2005) provides the yearly inflation figures up to 2002. If 1995 = 100, the index number for 2002 is 1094. This means that the total of 468 million euros given in 1995 would be equal to a total of 512 million euros given in 2001. In 2001 a total of 1.11 billion euros was estimated to be given for corporate sponsorship, which more than doubles the 512 million estimated in 1995. Nevertheless, these data should be treated with caution, seeing that they are based on samples.

The amounts of corporate charitable giving

Table 2 presents the total estimated amount of money spent by companies for corporate charitable giving. As was the case with corporate sponsorship, the value of corporate charitable giving, of giving in kind, and giving in manpower was expressed in euros and added to the value of corporate charitable giving in money (in euros).

Table 2 shows that, after extrapolation of the data, the Dutch companies gave the public

good approximately 555 million euros in 2003. Also, in the case of corporate charitable giving, most money is given to sports and recreation. This is in line with the results from a recent cross-sectional survey in the Netherlands conducted by Van der Heyden and Van der Rijt (Heyden and Rijt, 2004). They also found that amateur sports and recreation are the most popular societal causes for Dutch companies to support. According to their results, nearly all (86%) of the companies that support societal causes support amateur sports and recreation causes.

The increase in the total amount of corporate charitable giving from 2001 to 2003 was nearly significant ($t(1566) = -1.94$, $p = 0.053$ (two-tailed)). Nevertheless, there seems to be a meandering but rising trend in corporate charitable giving as well. Future measurements should point out whether this trend is a persistent one.

Motivations for corporate sponsorship

In this study, 73% of the respondents mentioned one motive for corporate sponsorship, whereas 21% of the respondents mentioned two motives for corporate sponsorship, 3% mentioned three or more motives, and 3% did not mention any motives. The most important motivations for managers to sponsor are listed

Table 2. Total amounts of corporate charitable giving by Dutch companies after extrapolation × million euros

	2003	2001	1999	1997	1995
Sports/recreation	188 (34%)	57 (23%)	114 (24%)	10 (16%)	23 (16%)
Health	102 (18%)	36 (14%)	102 (22%)	23 (35%)	13 (9%)
Culture	78 (14%)	32 (13%)	25 (5%)	1 (2%)	18 (13%)
Societal goals	53 (10%)	34 (14%)	50 (11%)	14 (22%)	11 (8%)
Church	38 (7%)	19 (8%)	50 (11%)	2 (2%)	3 (2%)
Education/research	38 (7%)	39 (16%)	24 (5%)	6 (10%)	5 (4%)
International aid	23 (4%)	14 (6%)	78 (17%)	3 (5%)	24 (17%)
Environment	17 (3%)	7 (3%)	22 (5%)	2 (2%)	41 (29%)
Other	17 (3%)	11 (5%)	—	4 (6%)	3 (2%)
Total in euros	555 (100%)	249 (100%)	465 (100%)	65 (100%)	141 (100%)
N (Unweighted)	1005	998	1010	1092	1122

Note. Percentages in parentheses. The category 'other' was not offered to the respondents in 1999. Figures are round off.

Table 3. Most important motivation to sponsor

	2004	2002	2000	1998
Social involvement: ethical or idealistic motivations			38%	31%
It fits with the commercial aims of our company, marketing, competitor advantage, familiarity of the firm, gives access to new or other contacts			29%	35%
We have a duty towards the civil order, safety and livability in our environment			8%	9%
It is good for the internal performance/internal management: for example employee commitment will be increased by sponsoring			2%	2%
Other . . .			23%	24%
Total			100%	100%
			<i>n</i> = 665	<i>n</i> = 637
				<i>n</i> = 705
				<i>n</i> = 664

in **Table 3**. Managers claim, even in the case of corporate sponsorship, that their most important motivation to sponsor is altruistic; social involvement is mentioned by 38% of the respondents.

The commercial motivation only comes second (29%). Hardly any manager reports internal performance or internal management as a motivation to sponsor. Note that the years in the columns of **Table 3** differ from the years in the columns concerning the amounts of corporate sponsorship and corporate charitable giving (Table 1 and 2). This is due to the fact that in each survey the respondents were asked about corporate giving in the previous year, but about their *current* motivations to sponsor.

Motivations for corporate charitable giving

84 per cent of the respondents mentioned one motive for corporate charitable giving, 12% mentioned two motives for corporate charitable giving, 1% mentioned three motives, and 4% did not mention any motives. The most important motivations for respondents to engage in corporate charitable giving are listed in **Table 4**.

Half of the respondents indicated that the primary reason for corporate charitable giving is 'social involvement.' Commercial interests were hardly mentioned. It seems logical that respondents mention social involvement more often as their primary motivation to give in

Table 4. Most important motivation for corporate charitable giving

	2004	2002	2000	1998
Social involvement: ethical or idealistic motives	56%	60%	59%	55%
It fits with the commercial aims of our company, marketing, competitor advantage, familiarity of the firm, gives access to new or other contacts	7%	5%	11%	21%
We have a duty towards the civil order, safety and livability in our environment	6%	7%	7%	5%
It is good for the internal performance/internal management: for example employee commitment will be increased by sponsoring	2%	2%	3%	1%
Other . . .	29%	21%	20%	18%
Total	100%	100%	100%	100%
	<i>n</i> = 517	<i>n</i> = 423	<i>n</i> = 513	<i>n</i> = 215

the case of corporate charitable giving than in the case of corporate sponsorship, since corporate charitable giving was explained to them as 'gifts without commercial interest.'

Overview and discussion of the findings

This study provides a range of insights into the figures and motivations for donations by Dutch companies. The study thus contributes to the existing literature on corporate giving in several ways. First, this study contains practical managerial information for marketers from both nonprofit organizations and for-profit firms. Although managers were not asked whether they think they are receiving too many requests for corporate giving, the findings of this study suggest that micro, small and medium-sized companies—which form the largest part of the population of Dutch business—are an interesting target for Dutch nonprofit organizations, especially for the local ones. As the findings showed, Dutch managers gave to or sponsored local organizations because they were approached by the recipient organization (45%), or because they already knew the recipient organization (18%). In addition, 80% of the managers stated that their company did not have a corporate sponsorship policy. As well as initiating contacts with local companies, marketers from nonprofit organizations may consider approaching their own 'membership base' for corporate sponsorship (such as the football players of a local football team).

As is indicated above, most companies wait for the nonprofit organizations to approach them. Marketers of for-profit firms—especially of the bigger firms—may consider pursuing a more strategic philanthropy policy by selecting societal organizations that fit with the core business of the company (McAlister and Ferrell, 2002). In the Netherlands, the cooperation between TNT and the World Food Program of the United Nations is an example of strategic philanthropy that received a lot of media attention. TNT is a global provider of mail, express and logistics services. By defining

world hunger as one of the most persistent logistic problems, TNT uses its knowledge of logistics to aid the hungry in the world. TNT did not only decide to give money but involved its employees (e.g., by giving time) as well. De Gilder *et al.* (2005) showed that employee volunteering enhances employee commitment with the organization.

Marketers from non-profit organizations may take advantage of this trend toward strategic philanthropy, for example by approaching companies whose core activities fit with the activities of the non-profit organization.

Second, this study provides an overview of corporate donations in the Netherlands at several points in time. As is mentioned by Seifert *et al.* (2003) it is difficult to obtain reliable longitudinal data on corporate giving. This is also the case in the Netherlands. Although the sample sizes were relatively large for a survey of corporations (Logsdon *et al.*, 1990; Coy and Nolan, 1992; Zippay, 1992; Marx, 1999), the extrapolated data of the amounts of money that have been given by Dutch industry should be treated with caution. They serve primarily as rough estimates. Nevertheless, we believe that this article presents the most comprehensive longitudinal study of corporate giving in the Netherlands to date.

Third, the Giving in the Netherlands study gives some insights into corporate giving in the Netherlands compared to corporate giving in the United States. In 2003, the total estimated amount that was given (both by individuals and by companies) in the Netherlands was 5.2 billion euros. This was 1.2% of the Gross Domestic Product. In the U.S. total giving as a percentage of GDP for 2003 is estimated at 2.2% (American Association of Fundraising Counsel, 2004). However, one should be cautious in interpreting these findings. The Netherlands and the U.S. have different tax systems, and the figures in the Netherlands do not include money given by foundations. Nevertheless, it is remarkable that Dutch companies gave an estimated 51% of the total national amount of estimated giving by households and by companies, whereas American

companies only gave an estimated 7% of the total amount of estimated giving in the U.S. In the U.S. companies gave an estimated \$13.45 billion in 2003, while individuals gave an estimated \$179.36 billion (American Association of Fundraising Counsel, 2004). In agreement with the findings in the Netherlands, sports is also the most dominant object for sponsoring in the U.S. In 2004, the projected North American spending on sports was 69% (IEG, 2003). Pine and Gilmore (1999) reason that companies want their consumers to associate their product with experiences that engage them in a personal way. Sports and recreation can provide such experiences.

Fourth, this study provides empirical evidence about the various motives of Dutch managers for corporate sponsorship and charity giving. In the case of corporate sponsorship, the altruistic motivation and the commercial motivation seem to compete for the most often-mentioned motivation throughout the years under study. In the case of charitable giving, the altruistic motivation was by far mentioned most often as the main motivation to give. These results are in agreement with the results found in Anglo cultural countries (Cowton, 1987; Campbell *et al.*, 1999). At first sight, the present study seems to contrast with the study of Bennett (1998), who concluded that companies in France, Germany, and the U.K. adopted a commercial orientation to corporate giving. However, as is remarked by Bennett, a commercial orientation does not rule out altruistic motives. As Campbell *et al.* (2002) suggested, it is likely that several motives play a role in corporate giving decisions. Neiheisel (1994) suggests that the altruism motive ignores the profit-maximizing goal of an organization. It is rational to assume, however, that managers want to do good for society, while they realize at the same time that it will as a consequence benefit their company as well. In this study it was found that 73% of the respondents mentioned one motive for corporate sponsorship, whereas 21% of the respondents mentioned two motives for corporate sponsorship.

Since many respondents reported altruistic motives as the drive for corporate giving, it can be questioned if a 'social desirability bias' influenced the results of this study. It is possible that respondents over-reported social motives for corporate giving in order to be politically correct (Cowton, 1987; Campbell *et al.*, 1999). Following Cowton (1987), this was controlled for in the present study by asking respondents whether their companies make public the fact that they give to a certain cause or organization. In the case of corporate charitable giving, 86% of the respondents reported that their companies did not make public how much was given. In the case of corporate sponsorship, a large majority (70%) of the respondents indicated that they did not make their sponsoring activities public. It should be mentioned that in the case of corporate sponsorship, the use of the control variable can be questioned since the non profit recipient could take care of notifying the community by displaying/mentioning the sponsor's name. In addition, the size of a firm might also influence whether the company will make their sponsoring activities public.¹

Suggestions for further research

Although one stream of CSR research focuses on the relationship between the broader theme of 'corporate social performance' and financial performance (Griffin and Mahon, 1997; Preston and O'Bannon, 1997; Roman *et al.*, 1999; Orlitzky, 2003), more research is needed that investigates the antecedents and consequences of corporate giving. Studies of the antecedents of corporate giving may focus for example on the role of company size on the development of corporate giving policies (Brammer and Millington, 2004).

Recent studies concerning the consequences of corporate giving on reputation

¹An additional logistic regression analysis showed indeed that, as was suggested by one of the anonymous reviewers, the larger the company (as measured by the number of employees), the more likely it is that the company will make public that it supports a good cause or societal organization ($b = 0.23$, odds ratio = 1.25).

examined the direct effect of corporate giving on reputation (Fombrun and Shanley, 1990; Dean, 2003). Future research may also focus on an indirect effect of corporate social performance on reputation, namely via change in corporate identity. This type of research question links CSR literature with literature about organizational identity. According to Barney and Stewart (2000), organizational identity can be a source of competitive advantage for companies. Peterson (2004) found that workers' favorable perceptions of corporate citizenship were indeed associated with higher organizational commitment. A more coherent identity may, in turn, improve the reputation of a company.

The present study focused on often-mentioned motivations for corporate giving. We provided a classification into five types of motivations, but it could be questioned whether these motives need to be classified into fewer or more categories, or how one can distinguish between them conceptually and from a measurement point of view. It can be argued, for example, that the employee commitment motivation and the support of the local community are both expressions of commercial motives as firms will always demand committed personnel and good standing. However, if a manager feels morally obliged to motivate his/her employees or to support the local community, these motives may be classified as altruistic motives. In addition, as is also indicated in the discussion subsection, it is unreasonable to assume that a donor has only one motive for giving. A fuller treatment of possible motives, however, could enhance research on corporate giving behavior, for instance looking at the relation of these motives with concepts that are used to describe private charitable giving such as 'impact philanthropy' (Duncan, 2004) and 'warm-glow giving' (Andreoni, 1989, 1990, 1998).

Moreover, more comparative research is needed. Estimations of the amount of corporate giving in European countries are uncommon. King and Tchepournykh (2004) formulated a four-factor model that they used to

outline the differences between corporate giving in the USA and in Russia. Such comparative research would be an important further step, for instance also including tax regimes. However, addressing the call for more international comparison — which is supported by the growing attention for globalization, CSR, and the role of multinational corporations — starts with gaining an insight into different national settings.

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APPENDIX

Table A1. Description of the companies in the sample

	2003	2001	1999	1997	1995
Characteristic					
<i>Industry</i>					
Industry	11%	10%	17%	14%	14%
Building	11%	11%	13%	12%	7%
Wholesaler's business	14%	12%	14%	14%	15%
Car industry	6%	7%	7%	6%	7%
Retail trade food	10%	11%	8%	10%	8%
Retail trade non-food	15%	15%	12%	11%	17%
Catering industry	9%	8%	5%	5%	6%
Transport	8%	10%	7%	10%	9%
Commercial service	16%	15%	18%	18% ^a	17% ^a
Banking/insurance	1%	2%	17%	—	—
Total	100%	100%	100%	100%	100%
<i>n</i>	1005	998	1010	1092	1122
<i>Number of employees</i>					
1–4 persons	35%	32%	34%	34%	42%
5–9 persons	20%	19%	19%	17%	21%
10–19 persons	16%	15%	19%	13%	16%
20–49 persons	14%	17%	16%	15%	11%
50–99 persons	7%	8%	5%	9%	10% ^b
100 and more persons	8%	9%	8%	10%	—
Negligible, less than 1 FTE	—	—	—	2%	—
Total	100%	100%	100%	100%	100%
<i>n</i>	1005	998	1010	1092	1122

Note. ^aIn 1997 and 1995 the categories commercial service and banking/insurance were merged together.

^bIn 1995 the categories 50–99 persons and more than 100 persons were merged together.

Table A2. Description of the total number of Dutch companies, grouped by staff members and business sector

	1	2–4	5–9	10–19	20–49	50–99	100+	Total
Industry	16 300	14 700	6000	4500	4200	1700	1800	49 200
Building	39 800	16 200	7400	4500	3300	1200	700	73 100
Wholesaler's business	23 700	23 100	9800	4800	4500	900	500	67 300
Car industry	4200	6400	3100	1700	900	150	50	16 500
Retail trade food	5400	10 900	4300	1700	1000	350	100	23 750
Retail trade non-food	45 400	46 500	14 800	5800	1500	300	100	114 400
Catering industry	7900	23 400	6500	2200	950	250	100	41 300
Transport	8700	9900	2900	3200	1500	650	350	27 200
Commercial service	106 800	66 900	19 100	9200	6100	1400	1200	210 700
Banking/insurance	1800	2700	2000	900	800	450	400	9050
Communication	600	600	250	400	200	100	200	2350
Total	260 600	221 300	76 150	38 900	24 950	7450	5500	634 850

The data are provided by TNS NIPO and are based on figures of the Chamber of Commerce, 2002.